

# REC Helping Energize India

**Vivek Kumar Dewangan, Chairman & Managing Director, REC Limited**, shares his vision on how the Maharatna company is using its funds to help reform, revamp and transform the power and logistics sector.



**Q In your new avatar, how is REC faring in the revamping of the power distribution sector?**

REC is the nodal agency for the Revamped Distribution Sector Scheme (RDSS) in 19 States/ Union Territories covering 32 Discoms and the key focus areas include smart metering in prepayment mode and distribution infrastructure up-gradation and modernization so as to drive greater participation of consumers as well as improve grid resilience and stability. RDSS poses as the solution to ensure financial viability and funding of major smart metering projects as well as for strengthening & modernizing the distribution network infrastructure. RDSS is a reform-based and result-oriented Distribution Sector scheme with an outlay of INR 3,03,758 Crore.

The scheme is designed in a unique manner by providing each State the opportunity to devise a state-specific action plan along with customized targets and requirements with the end objective of reducing losses & ensuring 24x7 quality power supply. On a holistic level, Scheme envisages bringing down the AT&C losses to 12-15% pan India and reducing the ACS-ARR gap to zero. Additionally, as part of the evaluation framework of the scheme, weightages have been provided for parameters like SAIFI/ SAIDI, etc. which are key indicators for evaluating the reliability of Discoms and targets have been clearly set for these parameters for each of the evaluation years.

**Q Power for all has long been a government commitment, how is REC helping in the progress?**

REC Ltd plays a significant role in the development of the power sector in both rural and urban areas. One critical initiative which would benefit the rural population,

especially the agriculture consumers, is the investments planned for feeder segregation.

Also, RDSS plans for a phased-roll out of pre-paid smart meters for all consumers in both urban as well as rural areas. These smart meters are planned to be installed in a prepayment or pay-as-you-use model which would help enhance cash flows for the Discoms and also drive greater participation of consumers in the energy landscape.

**Q How are reforms in the power sector to turn power utilities into healthy entities progressing?**

The Government has made relentless efforts to connect every village and home to electricity, ensuring universal access. The RDSS scheme aims to reduce AT&C losses to 12-15% and close the gap between the average cost of supply and average realizable revenue by 2025-26. With a focus on 100% installation of smart meters in prepaid mode for all consumers by 2025 under RDSS, it is envisaged that this would lead to better accountability and eradication of the concept of arrears. This would enhance Discom's cash flows thereby helping in financial sustainability.

Within one year of the RDSS scheme and various initiatives by the Nodal agency as well as the Ministry of Power, early results are already visible with a marked reduction in AT&C losses of DISCOMs. The AT&C losses, which indicate the performance of utilities, have decreased from around 22% in FY2021 to below 16.5% in FY2022. This reduction in losses has improved the finances of DISCOMs, allowing them to better maintain the system and meet consumer demands. Legacy government dues have been reduced substantially.

**Q What role do you see REC playing in**

**the promotion of green power, green fuel and making affordable energy available to the deprived communities?**

REC is relentlessly engaged in supporting green energy projects of various technologies such as solar, wind, hybrid, waste to energy and other upcoming technologies such as Green Hydrogen/ ammonia, E Mobility, etc., through project financing. We always strive to ensure the availability of low-cost funds for development of the projects commensurate with national targets of achieving 500 GW through Renewable Energy by 2030.

Also, REC is acting as a nodal agency for various central government schemes to ensure good quality round-the-clock power supply to each and every household of the country. We will also continue as a project funding agency for viable projects at low cost and customized conditions as per specific requirements of the project/ sector.

**Q REC has been allowed to diversify, allowing one-thirds of its loan book to be used for non-power and logistics projects. What are the plans?**

The Government of India has given REC the mandate to foray into the Infrastructure & Logistics sector other than the power sector ever since it has become a Maharatna Company. We have sanctioned more than Rs.1,00,000 Cr until now in several large-scale Infrastructure projects including the electro-mechanical scope in areas such as the development of expressways, metro rail systems, airports, IT communication, social & commercial infrastructure (educational institution, hospitals), ports, etc.